

Intellectual Property & Information Technology

Quarterly Update • Winter 2002

Season's Greetings from the UK IP & IT Group



To all our friends and colleagues,

We would like to take this opportunity to wish you all the very best for the forthcoming holiday season - and for a happy and prosperous New Year.

Kind regards from all of us in
the UK Intellectual Property & IT Group at
Mayer, Brown, Rowe & Maw LLP.

We are making a donation to charity this year in lieu of sending Christmas cards.

Selected IP & IT Group highlights of 2002

JANUARY

- **Sony wins anti-copying technology case.** Sony secured an injunction to prevent the sale in the UK of "Messiah" chips (which allowed CDs/DVDs from other regions to be played on UK PlayStation 2 consoles and also enabled copying). Sony relied on provisions in the Copyright, Designs and Patents Act 1988 which treat circumvention of anti-copying measures as copyright infringement (and which had not been considered by the High Court before). In July, the opposite result was reached in a parallel Australian case, on the basis that the chips could also be used for non-infringing uses and were therefore not anti-copying measures.
- **New ".me.uk" domain introduced.** On 14 January, Nominet introduced a new ".me.uk" second level domain, aimed primarily at individuals (with the aim of reducing disputes between individuals and businesses who both want to use the same domain name but who previously had to fight over the ".co.uk" version).

FEBRUARY

- **Mayer, Brown, Rowe & Maw formed.** On 1 February 2002, Rowe & Maw combined with US law firm Mayer, Brown & Platt to form Mayer, Brown, Rowe & Maw: a global legal practice amongst the tenth largest in the world, with over 1,300 lawyers spanning 13 cities. In November, the UK partnership became an English limited liability partnership, making Mayer, Brown, Rowe & Maw LLP the largest UK legal practice to date to adopt LLP status.
- **UK IP & IT Group advises the French Ministry for Agriculture in the High Court.** The Ministry sought to revoke the "Label Rouge" trade mark of Bernard Matthews plc, which it claimed Bernard Matthews registered in bad faith in 1990 (the mark has been used by the French Ministry since 1960 as a mark of quality for poultry). The Ministry succeeded in the first leg of the action when the High Court ruled that it could rely on new evidence which strongly suggested that Bernard Matthews knew about the "Label Rouge" scheme when it applied to register the mark. The dispute was settled out of court later in the year.

MARCH

- **New Community unregistered design right created.** As from 6 March 2002, a Community unregistered design right will automatically protect designs from copying across the EU for three years, as long as the designs satisfy certain criteria. Essentially, to be protected, a design must be new and have individual character at the date on which it is first made available in the EU. Meanwhile, applications for the new *registered* Community design, a monopoly right which can last for up to 25 years, can be submitted as from 1 January 2003.
- **Formula 1 driver Eddie Irvine wins landmark passing-off case.** Irvine sued for passing-off when Talksport used a picture of him, doctored to show him holding a Talksport radio, in an advertisement. The High Court confirmed for the first time that passing-off could cover unauthorised celebrity endorsement cases. However, Irvine was only awarded £2,000 in damages (as opposed to the £50,000 he claimed) and, since Talksport had offered to settle the claim for more than this at an earlier stage, Irvine was left with £300,000 legal costs to pay.

APRIL

- **ECJ gives decision in Boehringer pharmaceuticals repackaging case.** This case examined when a trade mark owner can prevent the parallel importation of its own, repackaged pharmaceutical products by others. The general rule is that it cannot prevent such imports if this would be a disguised restriction on trade. The European Court of Justice held that such a restriction exists where (i) blocking the import would artificially partition the market, (ii) the repackaging cannot adversely affect the condition of the goods; (iii) the trade mark owner is given prior notice; and (iv) the name of the repackager appears on the packaging.
- **Good news for IT companies in Budget.** A number of measures introduced in the Budget could benefit IT businesses. One is the new research and development tax credit, no longer confined to small and medium-sized enterprises, offering 25% tax relief on qualifying R&D

expenditure after 1 April 2002. Also, transfers of goodwill on or after 23 April 2002 will be exempt from stamp duty. The tax treatment of acquisitions, disposals and intra-group transfers of intellectual property has also been reformed.

MAY

- **London office advises on HMV IPO.** Mayer, Brown, Rowe & Maw acted for HMV Group plc in respect of its flotation on the London Stock Exchange and Global Offer. The UK IP & IT Group provided IP advice, including advising on the famous dog and gramophone brand.
- **MBR&M acts in two key US patent cases.** Litigators from the Palo Alto and Chicago offices of our US practice advised (respectively) Festo Corp and Turn-Key-Tech in two high-profile US patent disputes involving the doctrine of equivalents and prosecution history (or “file-wrapper”) estoppel. The *Festo* case was a US Supreme Court ruling whilst *Turn-Key-Tech* was a District Court decision applying that ruling. In both cases, MBR&M acted for the successful party.

JUNE

- **ECJ rules on shape trade marks in *Philips* case.** The ECJ finally delivered its judgment on the validity of Philips’ registered trade mark for the shape of its three-headed rotary razor. It agreed with the High Court that the mark consisted exclusively of a shape necessary to achieve a technical result and was therefore invalid.
- **UK IP & IT Group takes trade mark case to Court of Appeal.** The UK IP & IT Group acted for Philosophy, Inc. in its successful appeal to have a rival’s trade mark struck out for non-use. The Court ruled that genuine use “must involve that which a trader or customer would regard as a real or genuine trade” in the UK. As regards “proper reasons” for non-use, the Court held that ordinary commercial delays in producing a new product were not enough. The rival’s mark was therefore revoked in its entirety. This was the first Court of Appeal decision on revocation for non-use under the Trade Marks Act 1994.

JULY

- **First Nominet appeal decision given (*Seiko v Wanderweb*).** Almost a year after launching its new Dispute Resolution Service (DRS) for “.co.uk” domain names, Nominet heard its first appeal from an expert’s decision under the DRS. Seiko owned SEIKO and SPOON as trade marks and complained about Wanderweb’s registration of www.seikoshop.co.uk and www.spoonwatchshop.co.uk. The appeal panel upheld the expert’s decision that these registrations took unfair advantage of Seiko’s rights and were therefore abusive registrations. Both domain names were therefore transferred to Seiko.
- **UK IP & IT Group advises Franklin + Andrews on IT joint venture with Causeway Technologies, Inc.** This innovative project combined software licensing, IP transfers, software

development and share acquisition to enable the two companies to create a new “total costs management” software tool for the construction industry.

AUGUST

- **Consultation paper on Copyright Directive published.** Although the UK will miss the 22 December 2002 deadline for implementing the Copyright Directive, implementation took a step forward with publication of this consultation paper, which set out in detail and invited comments on the Government’s proposed amendments to UK law to comply with the Directive. The consultation period ended on 31 October and the Copyright Directorate is now reviewing the responses, with a view to implementing the Directive by 31 March 2003.
- **MBR&M advises on transactions for Mellon Bank and ICI.** The UK IP & IT Group advised on the IT aspects of Mellon Bank’s joint venture with ABN Amro for the formation of ABN Amro Mellon Global Securities Services, utilising Mellon Bank’s technology platform. It also advised ICI on the IP aspects of its disposal of Syntex to Johnson Matthey.

SEPTEMBER

- **UK IP & IT Group expands.** Alasdair Taylor and Fiona Campbell, who both trained at Mayer, Brown, Rowe & Maw, qualified into the UK IP & IT Group in September 2002. Karen Liebenberg also qualified into the Group this year, in March (having worked at Virgin Records for several years before training with us). In May, we were also pleased to announce that Mary Bagnall had become a partner in the Group – for a detailed profile of Mary, please visit <http://www.mayerbrownrowe.com/london/profiles/6bagnall.htm>.
- **Nectar loyalty card scheme is launched.** The UK IP & IT Group advised on trade mark strategy for the new Nectar loyalty card scheme (in which BP, Sainsbury’s, Debenhams and Barclaycard participate).

OCTOBER

- **Naomi Campbell loses privacy battle in Court of Appeal.** The Daily Mirror won its appeal against a High Court decision that it was in breach of confidence when it published details of the supermodel’s attendance at Narcotics Anonymous. The Court of Appeal ruled that it is generally in the public interest for the press to publish information about a celebrity’s private life which exposes the dishonesty of their public persona. This extended to publishing the details, and not just the fact, of Campbell’s addiction and treatment, so that the Daily Mirror could give a fair, credible and sympathetic account of Campbell’s problems.
- **MBR&M advises EMI on ground-breaking Robbie Williams deal.** A cross-departmental team (including Corporate partner Richard Page and IP/IT Head of Group Stephen Gare) advised EMI on the issues arising out of the negotiations for pop star Robbie Williams’ new recording

contract. The structure of the deal was highly innovative, with EMI receiving an unprecedented share of Robbie's touring, publishing and merchandising revenues.

NOVEMBER

- **ECJ gives long-awaited judgment in Arsenal case.** This case involved unofficial Arsenal FC merchandise sold by market trader Matthew Reed. The ECJ was asked whether "trade mark use" (i.e. use as a badge of origin) was necessary to show trade mark infringement. Reed argued that he used the "Arsenal" mark as a badge of allegiance, not origin. The ECJ held that a trade mark owner can only prevent the use of an identical mark on identical goods if that use can affect his interests as owner, bearing in mind that a trade mark's essential function is to guarantee origin. Reed's merchandise created the impression that there was a material link between his goods and Arsenal FC, and was therefore infringing. Whether the use of the mark was perceived to be a badge of allegiance was irrelevant.
- **UK IP & IT Group acts for M&G on major outsourcing project.** The Group advised M&G (one of the largest fund managers in the UK) on the outsourcing of its administration and related support activities for its UK retail product range to International Financial Data Services. The transaction covered the administration of all M&G's UK retail products and the Prudential's unit trust range, making it one of the largest deals of its kind in the UK fund management industry.

DECEMBER

- **Dow Jones loses Internet jurisdiction argument in libel case.** Dow Jones is being sued for libel in Australia, despite the fact that the article in question was published on its website in the US, after an Australian court held that it had jurisdiction to hear the case. The decision turned on the fact that the claimant, a mining mogul based in Melbourne, had a reputation in Australia to defend.

- **ECJ rules on registrability of "smell marks" in Sieckmann case.** The ECJ has ruled that, in the context of olfactory (or "smell") trade marks, the requirement that the mark be capable of graphical representation cannot be satisfied by use of a chemical formula, a written description, the deposit of an odour sample or any combination of these factors. The ECJ held that none of those methods would represent the mark with sufficient clarity, precision, objectivity, stability or durability. However, it did not comment on what method of graphically representing a smell mark *would* be sufficient, or indeed if such method existed.
- **STOP PRESS #1: Surprise High Court decision in Arsenal case.** Laddie J ruled on 11 December that the ECJ exceeded its jurisdiction when it ruled in November on the questions he had referred to it in this case. He held that, as well as providing guidance on the law (i.e. that there is only infringement where there is trade mark use), the ECJ improperly made findings of fact (i.e. that Reed's use did indicate origin) which contradicted his own, earlier findings - and which he could therefore disregard. He therefore applied the ECJ's guidance on the law to his own findings that Reed's use did not indicate origin, and ruled that accordingly there was no infringement.
- **STOP PRESS #2: House of Lords ruling in Punch case.** On 12 December, the House of Lords provided some guidance on when breach of "gagging orders" by third parties will constitute contempt of court. Punch magazine published an article by David Shayler (ex-MI5) which breached an interim injunction banning him from disclosing details about the security service. Even though Punch was not bound by that order, the House of Lords found the magazine to be in contempt of court because it wilfully interfered with the administration of justice, with significant and adverse effects. In doing so, the House of Lords noted that the remedy of a third party affected by an interim injunction was to apply to the Court for it to be varied (i.e. not simply to publish and be damned).

This Update covers selected IP & IT Group highlights of 2002 and is provided by Mayer, Brown, Rowe & Maw LLP's UK IP & IT Group for its clients. It is a brief summary only of the subject matter. Specific advice should be sought on specific issues.

For further information, please contact Stephen Gare (Head of Group), Mark Prinsley, Sarah Byrt, Ian Wood, Andrew Scott, Jonathan Nugent or Mary Bagnall, Partners in the IP & IT Group.

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